



SMALL BUSINESS ADMINISTRATION
STANDARD OPERATING PROCEDURE

SUBJECT 7(a) Loan Servicing and Liquidation	S.O.P.		REV
	SECTION 50 57	NO.	A

INTRODUCTION

1. Purpose: Update SBA policy and procedures on 7(a) loan servicing and liquidation.
2. Personnel Concerned: All SBA employees.
3. Page Changes:

<u>Remove</u>	<u>Insert</u>
142	142
4. Originator: Office of Capital Access

AUTHORIZED BY: John A. Miller Director Office of Financial and Program Operations		EFFECTIVE DATE
		PAGE

SBA Form 989 (5-90) Ref: SOP 00 23



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A. SBA Review and Approval

Any cost, fee or other amount that a Lender seeks to treat as a Recoverable Expense must be reviewed and approved by SBA including expenses that the Lender has already deducted from recoveries. Requests for approval must be submitted to SBA in accordance with the following requirements:

1. Where to Submit Requests

Requests must be submitted to the appropriate SBA Loan Center.

2. Preferred Format

To expedite the SBA review process, Lenders should utilize the tab system recommended by the appropriate SBA Loan Center to organize and submit their requests. (See, for example, the [NGPC CPC tab system](#).)

3. When Requests May be Submitted

To prevent backlogs and expedite the SBA review process, requests for reimbursement or for approval of Recoverable Expenses deducted from recoveries may only be submitted at the following times:

a. Submission of Loan Guaranty Purchase Request

Requests for SBA reimbursement of Recoverable Expenses or approval of expenses paid for from recoveries may be submitted with the Lender's Purchase Package.

~~b. When Recoverable Expenses Total \$5,000 or More Per Loan~~

~~Requests involving Recoverable Expenses totaling \$5,000 or more per loan may be submitted at any time after guaranty purchase. A request involving a Recoverable Expense that is less than \$5,000 must be compiled with other expense requests involving the same loan, and can only be submitted when the aggregate amount totals \$5,000 or more, or at the time the Wrap-up Report on the loan is submitted, whichever occurs first.~~

~~c.b. Submission of Wrap-up Report~~

All ~~outstanding remaining~~ requests for SBA reimbursement of Recoverable Expenses or approval of expenses paid for from recoveries must be submitted with the Lender's Wrap-up Report on the loan.

4. Multiple Loans—Allocation of Expenses

When a request involves multiple loans to the same Borrower, (either SBA loans with different guaranty percentages or non-SBA loans):

- a. If the expense is related to collateral, the expense (as well as any recovery) must be allocated to the loans according to the priority of the lien securing each loan;